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SUBJECT: ASSISTANCE COORDINATOR BRIEFS FOREIGN MINISTER

Summary

1. (SBU) Ambassador Robin Raphel, Coordinator for Economic and Development Assistance in Pakistan briefed Foreign Minister Shah Mehmood Qureshi on U.S. plans to channel more assistance through the Pakistani government, target USG assistance in areas vulnerable to militants, and to focus on several "signature" projects to raise the overall profile of the USG in a positive way with the Pakistani people on December 7. Qureshi welcomed the shift in focus, and suggested that the U.S. focus on water as having the most immediate and wide reaching impact in both energy and agriculture. He promised his personal support and offered a larger MFA role in coordinating the implementation of U.S. assistance. End Summary.

On the Right Track...

2. (SBU) Ambassador Robin Raphel, Coordinator for Economic and Development Assistance in Pakistan (AssistCoord), and Acting USAID Mission Director met with Foreign Minister Shah Mehmood Qureshi and other Foreign Office officials on December 7 to discuss the U.S. assistance strategy for Pakistan. Qureshi expressed his gratitude that MFA input is being sought, and welcomed MFA involvement in "developing and overseeing implementation" of USG assistance. He emphasized the need to build bridges between the GOP and the USG and the importance that the Pakistani people understand that assistance money is being well spent.

...But Complaints Persist

3. (SBU) Qureshi reiterated the common GOP refrain, in particular calling the USAID process in place until recently an opaque, "closed door" system that worked only with NGOs. Warning to his theme, Qureshi asserted that, while a great deal of money was spent, there was "no impact" in the country receiving aid because projects are not prioritized to meet the needs of the host nation. Because USAID funds often are given to U.S. based organizations and then subcontracted to local organizations, the costs are "two to three times higher" than they would otherwise be. Assistance money is in reality being siphoned back to the United States, Qureshi

said.

MFA Suggested Ways Forward

¶4. (SBU) Qureshi suggested that the American-Pakistani Foundation be used to raise funds to help in social sectors. MFA could assist the Embassy's Assistance Coordination office in facilitating the foundation's efforts. He also announced his intention to create an Economic Diplomacy Division. Because MFA has neither the people nor the resources to create the new section, Qureshi said he is looking to the private sector for support.

¶5. (SBU) Qureshi said that the United Arab Emirates (UAE) Foreign Minister supported the idea of Public/Private Partnerships (PPP), as discussed at the Friends of Democratic Pakistan meeting in Istanbul. The UAE Foreign Minister has offered to host a PPP conference in Dubai and had suggested January 26, 2010, as a target date, according to Qureshi.

¶6. (SBU) Qureshi complained that the U.S.-Pakistan strategic dialogue has not produced meaningful results in recent years. Qureshi suggested the dialogue be restructured and welcomed Secretary Clifton's willingness to chair the meetings. The first talks could be held in Washington in late January/early February.

New Way Forward for USAID

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¶7. (SBU) Ambassador Raphel explained that U.S. assistance will now move more funds through the GOP, target vulnerable areas where the GOP is not strongly represented in order to counter militant attitudes, and begin investing in "signature" projects, so that the Pakistani people can see directly the results of U.S. assistance. She also emphasized the need for economic reform in Pakistan, including resolving the so-called "circular debt," reappportioning the GOP budget to better address development needs and emphasized the need for greater GOP accountability. She also highlighted the need for the GOP to increase Pakistan's tax-to-GDP ratio, adding that American taxpayers need to see that Pakistani citizens are paying for services within their own country.

¶8. (SBU) Qureshi stressed that water projects focusing on the energy and agriculture sectors would alleviate poverty, create jobs, and stimulate the economy. Qureshi agreed that GOP reforms and increased accountability would be important factors as the U.S. implements its new strategy. He recommended that USAID establish a hub in Multan as the best means of targeting USAID assistance to southern Punjab and northern Sindh. Multan has more ties to the local population than Lahore, is geo-strategically located and is easily accessible. Qureshi offered his personal assistance in connecting USAID with contacts in the area to help target USG assistance. (Comment: Qureshi is from Multan and would presumably benefit politically by bringing a USAID hub there. End Comment.) Qureshi stated that the MFA would appreciate a donor community meeting to discuss donor activities in Southern Punjab.

Assistance Coordination

¶9. (SBU) Qureshi asked what role MFA is expected to play in the U.S. assistance strategy, adding that MFA would like to appoint a focal point with whom the U.S. should coordinate on assistance. Ambassador Raphel responded that, to date, the America's Desk in the MFA has been the Embassy's main point of contact at MFA. Qureshi requested a meeting with the Embassy to coordinate efforts to implement the U.S. assistance strategy, once it is finalized, in order to "better sell" the strategy to the people of Pakistan and, in

turn, the United States. Qureshi offered his own public support as necessary.

¶10. (SBU) Comment: Qureshi's support for the new aid assistance strategy is no surprise: he was a vocal supporter for the Kerry-Lugar bill and its positive implementation will be a political win for him to build upon in the future. His enthusiasm for coordinating U.S. assistance via the MFA is a less positive development, but one which we have heard (and quietly pushed back against) before. The MFA lacks capacity and the GOP already has in place coordination mechanisms, such as the Economic Affairs Division (EAD) through which donor assistance is directed. Post will, however, work to harness Qureshi's enthusiasm and his offer of public support for the better implementation of the overall assistance strategy. Multan as a satellite base for activities in southern Punjab, for example, is an idea that Post will investigate further. End Comment.
PATTERSON